

## **Head 273- District Secretariat, Putlam**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statement of the Head 273 - District Secretariat, Putlam for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statements for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the District Secretariat, Putlam was issued to the Accounting Officer on 28 May 2024 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. In terms of Section 11 (2) of the Audit Act, the Annual Detailed Management Audit Report relating to the District Secretariat was issued to the Accounting Officer on 27 May 2024. This report is presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018. This report is presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat of Putlam as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

The Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the District Secretariat of Putlam is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat Page 2 of 15 of Putlam and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

## **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **1.5 Report on Other Legal Requirements**

I declare the following facts in accordance with Section 6 (1) (d) of the National Act No. 19 of 2018.

- (a) The financial Statements are consistent with the preceding year.
- (b) The recommendations made by me in 3.7(i), 3.6(c), 3.7(j), 2.4(1)(c) and 3.7(a) of this report on the financial statements of the preceding year had not been implemented.

## 1.6 Comments on Financial Statements

### Accounting Deficiencies

#### (a) Property, Plant and Equipment

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i) According to the letter of the Director General of State Accounts, No. SA/GFS/01/01/08 – volume and dated 20 December 2022, action should be taken to account the identified lands and buildings belonging to the District Secretariat after being valued them. However, action had not been taken to value and account identified assets, 47 Grama Niladari offices, 08 official quarters, 13 common buildings owned by the Government and a Community Hall that belonged to the District Secretariat, during the year under review.	Although it was planned to be accounted in the year 2023 after obtaining the estimated value, it was not possible to account due to the non-availability of the estimated value.	Action should be taken to account the properties after being valued them.
(ii) Actions had not been taken to assess and account 14 executive and non-executive official quarters which are total extend of 17,317 square foot belonging to 11 Regional Secretary offices under the non- financial assets.	Although it was planned to be accounted in the year 2023 after obtaining the estimated value, it was not possible to account due to the non-availability of the estimated value.	Action should be taken to assess and account.
(iii) As of the last day of the reviewed year, the total of 3387 acres of land that had been given long-term leases by the 16 Divisional Secretariats had not assessed and accounted.	Although the land owned by the government is under the custody of the Divisional Secretary, I inform that the said land is not accounted as an asset of the Divisional Secretary, so it is not accounted.	The value of land should be assessed and accounted.
(iv) 08 tractors and bowsers, 04 water motors, 08 water tanks, boats and 01 engine, 18 lifesafe jackets, 01 megaphone and 01 lifesafe rope that were given to the Divisional Secretariats by the Disaster Management Coordination Unit had not been assessed and accounted.	I expect to get the cost value from the Disaster Management Unit and complete it within this year. I inform that the tractor and bowser will be accounted after being taken over to the Putlam District Secretary.	Cost of assets should be taken and accounted.

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| (v) | 09 Lorry Browsers which were handed over by the National Disaster Relief Service Centre to the Divisional Secretariats had not been taken over and accounted. | Action will be taken to account after taking over the lorry browsers. | Assets should be taken over and accounted. |
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**(b) Unreconciled Accounts**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
According to the district secretariat's 2023 expenditure ledger and treasury computer records, total discrepancies of Rs.159,402,469 were observed in 12 expenditure subjects.	The subject clerk was informed to correct the expenditure ledger.	Actions should be taken to compare the expense ledger and treasury computer records monthly and resolve any discrepancies.

**2. Financial Review**

**2.1 Management of Expenditure**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<b>Preparation of overestimates</b>		
Although it is stated that estimates should be prepared as completely and accurately as possible according to Financial Regulation 50, it was observed that over-estimates have been prepared for expenditure subject 1403 electricity and water since many years and the balance in the year 2023 was Rs.6,710,715 or 34 percent as a percentage of the estimate.	The necessary estimates for the year 2023 were prepared in September 2022. Since the Electricity Board was presenting a proposal to increase the electricity bill at that time, estimates were prepared in accordance with the expected increase in the electricity bill. Accordingly that, electricity has been overestimated.	Estimates should be prepared as completely and accurately as possible according to Financial Regulation 50.

## 2.2 Comparison Statement of the Public Officer's Advance Account

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
An employee loan balance totaling Rs.1,971,288 should have been recovered as Rs.464,855 from two deceased officers, Rs.591,409 from 06 retired officers, Rs.401,619 from 05 suspended officers and Rs.513,405 from three officers of the resigned from service. As of 31 December 2023, these loan balances, which had been in existence for between 01 and 15 years had not been recovered.	The loan balances of 04 officers are currently being paid and legal actions are being taken to recover the loan balances of the retired officers through account summaries and retirement gratuity.	Necessary steps should be taken to settle the loan balance.

## 2.3 Utilization of Funds Granted by Other Ministries and Departments

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) i. For the project of establishing a Pomegranate Village in the Kalpitiya Divisional Secretariat, Rs.6,988,313 was spent in the year 2023 and benefits of nearly Rs.200,000 per farmer were given to 40 farmers in the form of pomegranate plants, fertilizers and water supply equipment and although the primary objective is to attract the youth community to the agriculture industry, all the selected farmers were engaged in commercial farming at the time of the project's inception.	As it is preferable to select farmers with theoretical and practical understanding of agriculture and modern agricultural techniques, a group of such farmers were selected.	That should be done according to circular provisions and the government should work to fulfill the desired objectives.
ii. The "Red Angel" pomegranate variety was selected without confirming its suitability for this area and although layer plants to be supplied according to the specifications, as the plants that were not of proper quality were supplied, by 15 February 2024, out of 7400 plants purchased at Rs.450 each, 3413 plants worth Rs.1,535,850 had died.	Farmers have identified the pomegranate variety as a pomegranate variety that can be cultivated very successfully based on the climate, weather and soil conditions in Kalpitiya.	Officers should be checked and accepted if the layer plants are proper quality.

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| iii. | Rs.3,314,000 had been spent to purchase water motors, tubewells and sprinkler water supply systems for 40 beneficiaries, but the equipment remained underutilized.  | Large amount of water needs to be obtained due to the prevailing temperature in the area, tubewells should be constructed to obtain water separately for each crop.  | Projects should be implemented in such a way that the objective is fulfilled.  |
| (b)  | In the year 2021, the Vanathavilluwa Divisional Secretariat had spent Rs.1,973,994 to implement the 15-acre cane plantation project in the cane reserve on the allocation of the State Ministry of Rural Industries Promotion and Rs.790,500 for 465 man-days and Rs.630,000 had been paid for the purchase of 5250 cane plants, but the officers did not carry out on-site supervision to confirm the correctness of the plants. | A 15-acre area of cane saplings has been planted to convert the land destroyed by human fire into a cane reserve, and it is now becoming a natural cane reserve. Accordingly, the amount of Rs.1,973,994 spent on this project is not an idle expenditure and it can be mentioned as a project that will be of great help for future environmental sustainability and economic sustainability. Labor cost Rs.790,500 for 465 man-days and Rs.630,000 for purchase 5250 cane plants was spent and the accuracy was monitored from the work site and through video technology. | Evidence should be presented with factors, that the project has been done to accomplish objectives efficiently in a fulfilling manner and supervision has been done. |

## 2.4 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules and regulations are observed in the sample audit test shown as analyzed below

	Observation		Comments of the Accounting Officer	Recommendation	
	Reference to Laws, Rules and Regulations	Amount Rs.			Non-compliance
(a)	Establishment Code of the Democratic Socialist Republic of Sri Lanka				
(i)	XLVIII Paragraph of Category II	2,569,682	"Although formal disciplinary action should be taken when an audit report indicates irregularities or misconduct by any officer, 02 years have passed since a technical officer of the Anamaduwa Divisional Secretariat was issued a charge sheet on the charge of preparing high estimates, but no further action has been taken by the disciplinary authorizer.	All reports in this regard have been forwarded to the disciplinary authority for disciplinary action. A reminder letter has been sent again dated 08.04.2024.	Formal disciplinary investigations should be carried out promptly.
(ii)	Section 13 and Sub Section 12 of the Paragraph XLVIII of Category II	--	If sufficient allegations are revealed to take disciplinary action against the suspected officer, the preliminary investigation officer should arrange to prepare a draft charge sheet and submit it to the relevant authority and according to section	The formal disciplinary inquiry has been completed now in respect of one lady officer and the report has been forwarded to the Director General of Combined Services. While issuing a disciplinary order, an inquiry is also made	Formal disciplinary investigations should be completed promptly.

14, the disciplinary authorizer should have issued a charge sheet, but in 05 cases it was not done so.

regarding the past duties of the officers, so it takes some time.

Regarding the other officer, the formal disciplinary inquiry has been delayed due to the request by the prosecuting officer to amend the charge sheet. Currently, the charge sheet has been revised and the formal disciplinary inquiry is underway.

(iii) Sub Section 21.1 of Paragraph XLVIII of Category II

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Although an officer appointed as a tribunal in a formal disciplinary inquiry shall conduct a formal disciplinary inquiry and submit the report of the inquiry to the disciplinary authorizer without delay but disciplinary investigations had been conducted for more than 01 years after the charge sheets were issued, and 02 cases had not been dealt with in this way.

The tribunal has been appointed now.

Formal disciplinary investigations should be completed promptly.

(iv) Sub Section 22.2 of Paragraph XLVIII of Category II

546,992

It is the responsibility of the disciplinary authorizer to take appropriate measures to minimize the expenses to be paid to the government for a disciplinary investigation, but more than a year had been spent on 07 disciplinary investigations being conducted and maintained by the District Secretary's Office, and as of 31

All related reports have been forwarded to the disciplinary authority. A reminder letter has been sent on 08.04.2024 again.

Formal disciplinary investigations should be completed promptly.



December 2023, an expenditure of Rs.546,992 had been incurred.

**(b) Public Administration Circulars**

(i) Section 02(iv) of the Circular No. 9/2009 dated 16 April 2009	1,407,649	If time based allowances such as overtime and holiday pay etc. are paid after regular duty hours, the time should be confirmed by the fingerprint machine, but without doing so, the holiday duty pay had been paid to the staff officers of Putlam and Anamaduwa Divisional Secretariats.	I inform that necessary steps have been taken to avoid the deficiencies pointed out by the audit.	Action should be taken according to the Public Administrative Circular.
(ii) Circular No. 18/2001 dated 22 August 2001	--	Although the officers of the island wide services have worked in the same service station for 05 years, steps should be taken to transfer them, but actions had not been taken to do according that regarding the 355 officers in the 16 divisional secretariat offices of Putlam district.	As per the circular instructions, the transfers have been informed and only a part of them have received the transfers. I also inform that the basic tasks have been done by referring the reports annually to the Ministry about the employees who have exceeded 05 years have been completed.	Transfers should be done as per circular instructions.
(c) Guideline 4.2.1 of the Procurement Guidelines Code	--	Although it was stated that the procurement entity should prepare the master procurement plan of the expected procurement activities for a period of at least three years and update it regularly in a period not exceeding six months, but this was not done so.	Necessary instructions were given to the officers to rectify the deficiencies pointed out by the audit.	The Master Procurement Plan should be updated as per the Procurement Guidelines Code.

(d) Section 12.1 of the Circular No. 2023/04 dated 2023.09.19 of the No. MOD/CSD/REPORT/1/CIRCULAR (2023) of the Secretary of the Defense Ministry	--	Although information related to firearms licensees who fail to renew their firearms licenses within the prescribed period should be reported to the Secretary of the Ministry of Defense though the relevant Divisional Senior Police Officers for taking legal action under the Firearms Ordinance, in the Putlam district, out of the 1808 firearms issued by the year 2024, 763 unlicensed firearms had not been dealt with accordingly.	As it has been observed that some of the firearms whose licenses have not been renewed have been temporarily handed over to the police stations, all police station officers have been informed that the government should take over those firearms permanently and send us the information of all the firearms that have been permanently accepted and the information related to the firearms kept in the police stations.	Necessary arrangements should be made as per the circular.
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## 2.5 Non-compliance with tax requirements

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Between the year 2012 and the year 2023, Since the land commissioner general office has been delaying the preparation of lease agreement for 37 plots of land with a total of 840.8 acres, 144 roods and 94 perches belonging to 05 Divisional Secretariat Divisions namely Karuwalagaswewa, Arachchikattuwa, Mundalama, Madampe and Nawagathegama, it has been observed that these plots of land are being used for commercial and agricultural purposes by external parties without making any payment to the government.	Leasing land for a long period of time is not a task done only by the regional secretary and for that there are matters to be fulfilled by many government institutions. There may be some delay between the duties with each of those institutions and the regional secretaries are not directly responsible.	Leasing of government owned land and collection of tax revenue should be done efficiently.

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| (b) | The land where the Ashoka Cinema is situated on 02 Rood and 22 perches within the Putlam town limits of Putlam district was leased to the new lessee for 30 years from the year 2014 and the total amount of Rs.25,000,000 tax due from the year 2011 to 2021 had been cut off. | That the Land Minister's approval have been received for cut taxes on 2021.08.18 and it was informed by letter No. 4/10/12226 of the Land Commissioner General on 19.08.2021. I am following the instructions of the Commissioner General of Lands regarding the deduction of these taxes. | Actions should be taken to recover the tax revenue due for the lease of government owned land. |
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## 2.6 Irregular Transactions

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Due to the transfer of the official vehicle of the Nawagaththegama Divisional Secretariat for repair work, during the period from 06 April 2023 to 16 June 2023, fuel of Rs.142,975 was used for the reserve vehicle from the government's expense, and the monthly fuel allowance of Rs.155,925 had been obtained to the position for the above 03 months. Contrary to the Public Administrative Circular No. 11/2006, in addition to the fuel allowance, Rs.51,150 of the amount of Rs.142,975 spent on fuel was paid back, but the remaining amount of Rs.91,825 had not been settled.	For the occasions when the reserve vehicle is used by the Regional Secretary, she has borne by hand fuel cost of the vehicle. For the occasions when the reserve vehicle is used by the Regional Secretary, she has borne the fuel cost of the vehicle. Accordingly, they are entitled to get the April 2023 fuel allowance. Due to she did not apply fuel when she used the reserve vehicle for the month of May, she has credited back the fuel allowance for the month of May to the government. After fueling the reserve vehicle on June 06 and 23, she used the same vehicle. The fuel allowance for the month of June has been obtained after the repair and delivery of the official vehicle. As she is entitled to get the fuel allowance for the month of June, and she has taken it. Kindly inform that there is no more money to settle.	Excess payments should be collected from the concerned officer.
(b) (i) In the period of 2019 – 2021, under the Government Paddy Purchase Programme, in the 2020/21 Maha and 2021 Yala season from the money given to the paddy purchase for 20 paddy mill owners in the Anamaduwa, Nawagaththegama and	Based on the decision to pay the financial value of the rice to the government, the payment was made in installments, and by 30.04.2024, the necessary steps are being taken to recover the amount due from Rs.106,773,565.39.	Necessary actions should be taken to recover the money efficiently.

Karuwalagaswewa divisional secretariats by the Putlam District Secretariat through the small and medium scale rice mill owners, the responsible officers had not been taken action to recover Rs.111,208,565 for 1,429,338 kg of rice receivable to Lanka Sathosa as at 15 March 2022 by 31 December 2023. Furthermore, it was observed that the government's objective of getting the surplus rice stock of the farmer at a reasonable price and providing rice to the consumers at a reasonable price through Sathosa was not fulfilled.

- (ii) Although according to the letter dated 25 February 2021 of the District Director of Agriculture, the Divisional Secretaries were informed to determine the number of paddy acres cultivated based on the list of fertilizers prepared by the Agrarian Service Committee, regardless of the recommendation of the Agricultural Research and Production Assistant Officer, the officers of the Nawagaththegama and Anamaduwa Divisional Secretariats did not fulfill that requirement and prepared documents that they bought 710,000 kg of paddy from 142 people whose names were not mentioned in the fertilizer registers in the 2021 Yala season and Rs.31,240,000 had been paid.

At the time this paddy purchase program was being implemented, the agricultural research officers had come to a union action. Due to that, although advised to checked the list of fertilizers and buy paddy, due to the urgent need to implement this program, the then Director of Agriculture obtained a letter from the paddy suppliers stating that he was a farmer and verbally instructed the regional secretaries to purchase paddy and acted accordingly. Necessary action should be taken as per the circular.

- (iii) According to the written statements given by 11 farmers whose names are mentioned in the farmer register under the 2021 Yala season rice purchase program, no quantity of rice was given to the rice mill owners, after the amount of Rs.2,420,000 for 55,000 kg of rice was credited to the accounts of the farmers and that amount had been given to the mill owners. And although Rs.3,180,000 was credited to the accounts of the farmers by preparing papers that the total of 70,000 kg was obtained from 5000 kg of paddy from 14 farmers in Nawaghatthegama Division, according to the written statements obtained from the farmers, they had given only 28000 kg of paddy and the difference amount of 42000 kg of paddy amounting to Rs.1,848,000 had been recovered from the farmers by the millers.
- All activities were planned in such a way that no fraud or mistake would occur in the process of purchasing paddy and in order to supervise the activities well, apart from the development officers of the agriculture sector, the economic development officers of the respective area were instructed to remain in the rice mill when buying paddy. They had done the same. 03 forms had been introduced by the District Secretariat to confirm the quantities purchased in the purchase of paddy. Accordingly, duties were assigned to the officers to fill and prepare each form correctly. After verifying the accuracy of the documents received, the Regional Secretary made the payments. According to that, the preparation of fake licenses may have been done by the relevant parties in alliance, but the concerned farmers have signed and given the relevant forms stating that the relevant amount of paddy has been handed over to the mill. Attention has been focused on taking legal action in this regard.
- As per the circular instructions, the authorities should be conducted proper supervision.

### 3 Operating Review

#### 3.1 Planning

##### Audit Observation

Although an action plan showing the goals to be achieved by each section of the district secretariat has been prepared for the year 2023, the audit could not confirm whether all the goals shown in the plan were achieved due to the fact that a report showing the achieved goals or progress was not prepared.

##### Comments of the Accounting Officer

The reports showing the progress of each activity related to the action plan are available to the officers carrying out each activity and the preparation of a combined progress report has not happened due to omission. Officers have been informed to prepare a combined progress report in future.

##### Recommendation

Action should be taken to prepare progress reports showing the goals achieved through the tasks performed in accordance with the action plan.

### 3.2 Non-achievement of the Expected Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Madampe Divisional Secretariat has implemented 09 drinking water projects with a total value of Rs.84,152,801 under the Gamperaliya Program in the year 2019, due to non-availability of future financial facilities to implement those water projects, they remained idle for more than 4 years without being used to the drinking water needs of the people.	The Putlam District Community Water Supply Unit is planning and carrying out further work for the projects currently, So far, the work of the drinking water project in Koon Gas Yaya village has been completed and the work on the remaining projects is ongoing.	Actions should be taken to achieve the desired objectives of the project.
(b) Under the rural development program "Gama samaga pilisandarak" presented in the 2022 budget proposals, Madampe Divisional Secretariat had constructed 04 "Sewa piyasa" buildings and 02 multi-purpose buildings at a total cost of Rs.3,357,861. The construction work of these 06 projects had been stopped on the way due to the lack of financial facilities required to complete the construction work.	A letter has been submitted to the Honorable State Minister of Home Affairs and Local Government and to the Secretary, Ministry of Home Affairs and Local Government on 07.11.2023 requesting to provide the necessary provisions for the completion of the projects.	- do -
(c) In the year 2022, an amount of Rs.894,311 had been spent to construct the fitness lane in front of Tammanavetiya temple in Navagattegama Divisional Secretariat division, but it had not been used for any purpose.	A project proposed as a priority project that needs to be implemented with the approval of the regional coordination committee. During the construction of the fitness lane, it was used constantly and during the rainy season, when the use was minimal, there were wild conditions.	Projects should be selected by giving priority to the basic needs of the people.

### 3.3 Abandonment of Projects without Completing

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The total amount more than Rs.6,692,719 had been spent for 10 projects that had started	I am informed that the, action had been taken to get the assistant of the Regional Coordinating Committee,	Imprest should be obtained and action should be

construction between the years 2014-2019 by the Natthandiya Divisional Secretariat. Although a period of 4 to 9 years had passed since the construction of all the 10 projects, the construction work of those projects had not been completed and the work of 04 projects which had started construction at a cost of Rs.3,350,849 were stopped midway and remained idle.

Local Government and Non-Governmental Organizations to get the necessary funds to complete the projects. Also, the project is planned to be completed in 2024 under the decentralized budget allocation.

taken to fulfill the desired objectives of the projects.

(b) The Anamaduwa Divisional Secretariat had abandoned 08 projects which had been started after spending an amount of Rs.4,965,000 between 2016 and 2019.

The relevant welfare societies and political authorities have been informed, and other projects are planned to be completed in 2024 under decentralized budget allocations.

Imprest should be obtained and action should be taken to fulfill the desired objectives of the projects.

### 3.4 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Additional No. 32 to the procurement work code, a total of Rs.99,000 had been paid as allowances to 09 officers on behalf of the procurement committees which met only on one day and during normal working hours for carrying out the procurement activities related to the completion of the remaining works of Mundalama Divisional Secretariat building and Anamaduwa Divisional Secretariat building.	State Finance Circular 01/2017 (1) para ii states that meetings can be held after 3 pm so as not to interfere with normal duties in order to receive allowances. Normally at least 04 meetings are held but a meeting report is prepared only for meetings where procurement decisions are taken.	Actions should be taken according to the additional No. 32 to the Procurement Guidelines Manual.
(b) According to 8.10.1 of the Procurement Guidelines, an advertisement containing the details shown in 8.10.1 of the Procurement Guidelines regarding the selection of the relevant agency to provide the cleaning service for the year 2024 to the District Secretariat had not been published on the agency's website or in any other appropriate media.	The concerned officers were informed to act as indicated by the audit.	Action should be taken according to the Procurement Guidelines Manual.

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| (c) | The basis for selecting Green Lanka Farm as a supplier was not clear when the supplier was not a registered supplier in the District Secretariat or the District Agriculture Directorate and did not have a model pomegranate plantation and the capacity of supplying pomegranates was also not considered in choosing that institution.                          | Information regarding this institution was obtained by the office of the Deputy Director of Agriculture, and therefore, like other plant nurseries, tenders were invited from this institution by registered post. Also, the officers of the District Secretariat conducted a field inspection of the relevant plant nursery, and although there was a capacity to provide plants at that time, we concluded that the capacity to supply pomegranate plants decreased due to the increase in rain conditions. | Suppliers should be selected with diversity. |
| (d) | The procurement committee had met for 68 procurement activities completed by the District Secretariat in the year 2023 only to select the supplier who had given the lowest price and according to the 2.5.1(c) of the Procurement Guidelines, the tasks to be performed from the initiation to the completion of the procurement work could not be substantiated. | Although the procurement committee has formally acted according to paragraph 2.5.1 (d) of the procurement guidelines, the reports for those meetings have not been prepared.  | Procurement guidelines should be followed.   |

### 3.5 Assets Management

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) At present, an official residence owned by the Madampe Divisional Secretariat and 02 buildings identified as the Agricultural Service Center, which are in usable condition, were being destroyed due to the lack of a plan to use them in an effective manner.	Madampe quarters need to be repaired due to it has not been used for a long time. The buildings have not been repaired due to lack of adequate provision too.	Necessary actions should be taken to protect and utilize the quarters and government buildings.
(b) The cab, which was given as the official vehicle of the Karuwalagaswewa Divisional Secretary, was completely repaired in August 2021 at a cost of Rs.474,450, but was again out of service due to	The Ministry of Home Affairs Secretary has been informed about the weakness in the cab and has been requested to take action to conduct a preliminary investigation.	Formal actions should be taken to protect government vehicles.



careless driving and it was stated that the owner of the garage that carried out the repairs was not responsible for these defects.

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| (c) | <p>The government owned 3.72 hectare (09 acre 02 rood) land of high commercial value located in the city limits of Nattandia has remained idle for more than 2.5 years from the year 2021 and the attention of the responsible officers had not been focused on using the land in a way that would generate income for the government. After the removal of the Piramal Glass Company, which was previously acquired this land on the basis of a long-term lease, 14 buildings and machinery used by the company are lying idle and are being destroyed.</p> | <p>Necessary activities are being done to auction the existing machinery and buildings and already the Vidatha Center, Bimisaviya Office and Regional Center of Open University have been installed in a part of that land and after removing the useless parts, the whole land will be able to be utilized</p> <p>That the necessary actions should be taken to take maximum use and to earn income from government lands and buildings.</p> |
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### 3.6 Losses and Damages

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>(a) 380 kg of rice worth Rs.60,800 had to be destroyed because the beneficiaries rejected the red raw rice due to the failure to determine the type of rice that will be distributed under the government's paddy purchase and free rice distribution program in the 2022/2023 Maha season and as the government had spent Rs.1,317,770 to produce 8030 kilograms of rice which was auctioned for animal feed for Rs.650,603, the government had incurred a loss of Rs.667,166. A shortage of 590 kg of rice was also observed.</p>	<p>This situation was caused by the Rice bags getting damp during transportation, beneficiaries not accepting rice, lack of formal storage facilities in the office premises, delay in collecting the remaining rice promptly at the Putlam District Secretariat, issuing of instructions on 17 July 2023 regarding the action to be taken regarding the remaining stock of rice and the rice becoming unfit for human consumption. Beneficiaries consume small amounts of rice and return the remaining amount to 10 kg bags of rice because there was some shortage in the weighing of the stock, and after 04 months the weight loss has also occurred due to the drying of the rice. Therefore, there was a difference in the stock of rice.</p>	<p>Necessary measures should be taken as per the circular so that the desired objectives are fulfilled.</p>

- (b) During the period from 2008 to 2021, action had not been taken by the responsible officers as at the February 2024 to evaluate by an assessment board of many years old 20 firearms received by the District Secretariat and after 2017, firearms assessment activities were conducted in 04 times, but this stock of firearms had not been included in those assessments.
- The 20 firearms were not assessed as they were noted to be stored in the vault until they were received and returned to the owner.
- Arrangements should be made to assess the unassessed firearms.
- (c) According to the direction of the engineering department of the district secretariat, the spot price of the provincial price committee which is Rs.3,000 per unit of gravel cube (including loading and state duty) had been used for the development work subjects of the divisional secretariat and according to Putlam District Secretary's District Price Committee Report No. DSP/TFC/CS/01/M.Ka/(1)/2021 dated 01 January 2021, the spot price including loading of a gravel cube and state half had been stated as Rs.2,000. Accordingly, in the year 2021, 13 Divisional Secretariat offices used 7482.8 cubic meters of gravel or 2641.3 cubes for 89 projects and a loss of Rs.2,641,300 was incurred at a cost of Rs.1,000 per cube.
- For the first half of 2021, the Price Committee held and determined the prices, and these projects were carried out by local authorities, as they use the reports of the Provincial Price Committees, Since the provincial price committees' values are higher than the district prices, the contractors refused to execute the projects based on the estimates of the regional secretariats, so the regional secretaries were verbally informed to use the provincial prices. accordingly, there has been no overpayment.
- The overpaid amount should be recovered from the respective responsible parties.
- (d) According to the payment report for asphaltting the road from Kandakulia Transformer to Muslim College in Kalpitiya Divisional Secretariat Division, the asphalted part of the road was measured and paid as 361.46 m<sup>2</sup>, but as it was physically observed to be 334.8 m<sup>2</sup>, an over payment of Rs.72,373 had been paid for 26.66 m<sup>2</sup> as Rs.2,715.
- During the development of the provincial road development department in the year 2023, a part has been submerged and a part has been destroyed while preparing the school gate. Accordingly, the measurements are correct in paying for the 361.46m<sup>2</sup> tarred portion.
- Excess payments should be recovered from responsible officers.
- (e) Even though Rs.960,700 had been spent on the construction of a safety fence (Wenlink net) around the Sahanagama stadium in the
- The safety fence built to protect the boundary of the land is still in place as it was originally and the purpose of the project has
- Actions should be taken to achieve the desired objectives of the

Wennappuwa Divisional Secretariat, it was not a permanent solution to the security of the stadium or unauthorized occupations and had become an idle expense.

not been harmed by the project. construction of windows.

And for setting up the fence, unnecessary costs have not been incurred. The foundations for the construction of the fence have also not been laid. GI pipes are planted at a height of 1.5m from the ground, concreted around them and installed net. Since this playground is situated in an urban area and there are frequent sports activities, I would like to inform you that it is impractical to put a wire around it.

### 3.7 Management Weakness

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Under the first and second phase of Gram Shakti, 121 of the 166 societies belonging to the 16 Divisional Secretariats belonging to the Putlam District Secretariat are inactive and the total cash balance of these societies was Rs.102,385,768 in idled as at 31 December 2023.	At present, the activities of Grama Shakthi Samithi are being conducted under the Saubagya Development Bureau and the funds belonging to the inactive Grama Shakthi Samithi are being given to the active societies and are taking necessary steps to strengthen the livelihood development and microfinance loan programs of the people.	Actions should be taken to achieve the desired objectives of the project.
(b) Under the guidance and supervision of the Sri Lanka Women's Bureau with the financial allocations of the Ministry of Women and Children Affairs, in relation to the revolving credit program that had been implemented for the direct rural women to income generating avenues and to further encourage women engaged in income generating avenues, the total value of the revolving credit fund	The implementation of this revolving loan program among the women was minimal level due to the fact that the conditions for granting revolving loans are strict compared to the conditions for obtaining loans from other societies and the loan amount that can be obtained from other societies is less than that from revolving loans. I inform you that the revolving loan	Actions should be taken to achieve the desired objectives of the project.

account balances maintained by the 16 Divisional Secretariats was Rs.1,620,000 and remained idle in the bank accounts without being used for the purposes of implementing the said program.

program is being implemented at a positive level while the aforementioned problems remain the same.

- (c) An amount of 62.5 acres of land owned by the government in the Wanathavilluwa Divisional Secretariat had been occupied by various people without permission and no action had been taken to return this land to the government.
- An amount of 62.5 acres of government land was illegally occupied by three persons and in order to take over these lands back to the government, the 16 acres of land occupied by one person should be considered for long term lease, and the person occupying the 1 ½ acre portion has left it. As the person who occupied the 02 acre portion has not left the land, the case is to be filed. A case has been filed against the person who has occupied 43 acres.
- Necessary legal actions should be taken to return the land to the government.
- (d) The Chilaw Divisional Secretariat had paid a compensation of Rs.1,000,000 to a person who submitted false equity in the acquisition of 0.030 hectares of land from the land called Pol Massawatta for the Chilaw water supply system. Later, according to a court decision obtained by the original owner the original owner had received the interest amount due for land acquisition.
- According to the gazette notification dated 04 August 2006, only one person appeared for the claim examination on 29 September 2006. Based on the documents submitted by him, compensation was paid to him as per Section 10(1)(a) of the Act. Since the original owner has not come forward within the relevant period, there is no provision in the Act to consider his rights. Later he filed a case. The interest due on the judgment was paid to the original owner (the priest of the devalaya).
- Necessary action should be taken immediately as per the Land Acquisition Act.
- (e) Under the Saubhagya Samrudhi Production Village Program – 2021, Kandakuliya value added dried fruit village which had been built at a total cost of Rs.6,837,484 in the years 2021
- Due to the bad economic situation in the country, this project is currently inactive and discussions have been held with the relevant society. Although the playground was
- Actions should be taken in such a way that the objectives of the project are fulfilled.

and 2022 by the Kalpitiya Divisional Secretariat remained non-functional by 31 December 2023.

Also, the 25mm GI pipes used for the mesh fence were not properly painted and the PVC parts used at the points where the pipes were connected had come off, so the pipes were dead due to water seeping into the pipes. Also, the two gate covers costing Rs.50,000 and plumbing equipment costing Rs.113,388 were broken and destroyed, and 1½ inch 25 PVC Gate value worth Rs.29,850 had not been installed.

painted and necessary equipment was installed, but the persons who come to the playground, trespassed and vandalized it. Defects are currently fixed. Gateways has been kept under the custody of the Divisional Secretariat.

(f) The payment of the 14<sup>th</sup> bill of the main building of the district secretariat which was under construction had been deferred, and due to having to go to an arbitration process and pay the 14<sup>th</sup> bill and had to pay Rs.10,349,580 as late interest.

Due to the deficiencies in the construction, the officers at that time refused to pay and acted according to the contract agreement. Accordingly, these payments were delayed due to dispute tribunal proceedings, proceeding to arbitration and these payments were made as per the decision of the arbitration. Therefore, this late interest had to be paid as per the agreement.

As the payment of the 14<sup>th</sup> bill was not done according to the terms of the agreement, interest had to be paid, so the liability should be determined.

(g) 01 acres, 02 roods, 14.7 perches of land with 8 quarters with a current assessed value of Rs.255,800,000 belonging to the Putlam District Secretariat, were taken over to the Putlam Municipal Council for the construction of the Alpha Mall and its traffic yard by the Putlam Municipal Council. Instead it, 01 acre from the land owned by the Municipal Council near the Puttalam depot yard was given. Instead it, 01 acre of land owned by the Municipal Council near the Puttalam Depot Yard was given, and the agreement was obtained to provide the necessary money to

A special discussion was held with the relevant parties and decisions have been taken about how to implement on 07.06.2023. The estimates required for the construction of 04 new quarters have been forwarded to the Secretary of Putlam Municipal Council on 20.09.2023.

The land should be acquired without delay and should be done as planned.

the District Secretary to construct 04 quarters equal to the current assessed value of the 08 quarters. But even though 04 out of these 08 quarters which are suitable for people to live in had been demolished before the assessment, the transfer of the land had not been completed by March 2024 and the construction work of the 04 quarters had not been started as decided.

#### 4. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(අ) Twenty three vacancies were existed in the Putlam District Secretariat relating to 12 approved cadre posts and there was an excess of 09 officers in relation to one post.	I inform that the officers are continuously performing their duties when there are deficiencies including 02 additional district secretaries and regional secretaries,	Necessary arrangements should be made regarding the excess and vacant posts.
(ආ) Three hundred and fourteen vacancies were existed in the Divisional Secretariats come under the Putlam District Secretariat relating to 13 approved cadre posts and 116 excess staff was observed relating to the Development Officers cadre.	Redundancy of officers refers to the surplus in the service of Development Officer. Management Services Department has been directed to approve 204 Development Officer posts. After it is approved, I inform that there is no excess of officers and there is a shortage.	